

Chapter II



Description of Core Programs, Services and Mandates

Description of Core Programs

Division of Housing Policy Development (HPD)

Programs

Policy Planning and Review: HPD develops regional housing need determinations that are mandated to be used in updating housing elements; reviews local housing elements; and provides housing element technical assistance, including conducting regional workshops and preparing written resource materials for the development and implementation of local elements. HPD coordinates with other state agencies that have responsibilities related to local government land use planning, e.g., Office of Planning and Research general plan, Local Agency Formation Commission, and environmental justice guidelines; Caltrans: housing and transportation funding and planning.

HPD develops and implements statewide housing policies including the Statewide Housing Plan and the federally required State Consolidated Plan and annual performance reports that are required to obtain federal formula block grants. HPD is involved in outreach efforts to educate policy makers, government officials, and the public about the state's critical housing and community development needs.

Local Assistance and Research: The Division provides assistance in developing and implementing local housing and land use programs; provides research and advice on funding sources and development approaches, and planning, zoning, and other regulatory options; and prepares mandated reports and technical assistance papers.

HPD collects and reviews mandated reports from approximately 400 redevelopment agencies (RDAs) on their use of low and moderate income housing funds and publishes a report to the legislature on compliance with statutory requirements. HPD staff provides technical assistance to RDAs on meeting statutory requirements and annually conduct compliance audits and issue reports on several agencies.

The Division administers a computerized online funding database, Affordable Housing and Community and Economic Development Financial Clearinghouse, a database of federal, State, local, and private (e.g. foundations) housing, community and economic development program funding sources.

Planning and Incentive Grants: The Division administers planning grants for local governments and councils of governments (COGs). The Inter-Regional Partnership Grant Program funds COGs to develop strategies to address growing jobs/housing imbalances between regions. Finally, the Division developed and implements the Innovative Jobs/Housing Balance Improvement Program/Workforce Housing Reward Program that provides incentives to local governments for permitting additional housing supply and affordable housing.

Statistics: HPD collects and analyzes data and reference materials on housing conditions in California. Research activities include preparation of data and analyses on housing costs, market conditions, construction trends, and the impact of such trends and conditions. As the level of research activity is constrained by lack of funding, HPD collaborates with other research entities including the University of California at Berkeley.

The Housing Resource Center (HRC) acquires, organizes and disseminates a large collection of housing, finance, and planning related resource materials in support of the policy and program activities of the Department. The HRC also develops information technology resources to provide technical assistance and to facilitate achievement of Department and state housing goals.

Statutory Mandates:

1. Article 10.6 of the Government Code: State Housing Element Law. Requires the department to prepare regional housing need allocations for Council of Governments (COG) and to review local housing elements and make written findings regarding their compliance with state law. HCD must review draft housing elements within 60 days and adopted housing elements within 90 days.
2. Health and Safety Code Section 50459: Requires HCD to prepare an annual report to the Legislature on the status of housing elements and the extent to which they comply with Article 10.6 of the Government Code.
3. Health and Safety Code Section 33080.6: Requires HCD to prepare and publish an annual report to the Legislature on the housing activities of redevelopment agencies.
4. Section 105, Cranston-Gonzales National Affordable Housing Act (24CFR91): Requires HCD to prepare for the federal Housing and Urban Development Department (HUD) a Consolidated Plan (a five-year planning report), an Annual Update report (that serves as the application to HUD for funds), an Annual Performance Report, and every five years, a report on Impediments to Fair Housing.
5. Health and Safety Code Section 50451: Requires HCD to prepare and publish the biannual Statewide Housing Plan, the State's comprehensive housing policy document.
6. Health and Safety Code Section 50456: Requires HCD to collect, publish, and make available to the public information about federal, state, and local laws regarding housing and community development. HCD publishes technical assistance papers and materials and responds to over 500 written and phone requests for assistance per month. HCD has also established a Housing Resource Center, which includes a library with an extensive collection of housing and community development resources, books, and publications.

7. Health and Safety Code Section 50457: Requires HCD to develop specifications for the structure, functions, and organization of a housing and community development information system for the state. The system must include statistical, demographic and community development data which will be of assistance to local public entities in the planning and implementation of housing and community development programs. Activities include the Affordable Housing and Community and Economic Development Financial Clearinghouse computerized database of over 200 federal, state, and private funding resources.
8. Health and Safety Code Section 34328.1: Requires HCD to collect information from local housing authorities describing their activities in the areas of financial assistance, household served, housing development programs, and management services.
9. Health and Safety Code Section 50093: Requires HCD to annually prepare and publish income limits for very-low, lower, median and moderate-income households for each county.
10. Health and Safety Code Sections 50052.5 and 50053: Requires HCD to adopt, and revise as needed, regulations to implement the provisions of the code that define affordable housing costs and affordable rents.
11. Health and Safety Code Sections 50101 and 50199.21: Requires HCD to annually update the definition of rural areas by January 1.
12. Government Code Section 65400: Requires HCD to consult with the Director of the Governor's Office of Planning and Research regarding requests for extensions of time for preparing local general plans.
13. Public Resources Code Section 21000 et. seq.: Section 15205 and Appendix B of the CEQA guidelines designates HCD as the state review agency pursuant to CEQA with authority over housing, congestion in urban areas, building displacement and environmental effects with special impact in low-income neighborhoods, and regional comprehensive planning.
14. Government Code Section 65852.2: Requires HCD to collect copies of second unit ordinances adopted by local governments. Local governments are required to submit copies of ordinance to HCD within 60 days.
15. Health and Safety Code Section 50850, et. Seq.: Serve as a central clearinghouse of information on subsidized housing eligible to convert to non-low income uses and prepare specified written information.

16. Section 6038, Article 2, Chapter 6, Division 1, of Title 25 of the California Code of Regulations: Allows any displaced person or interested organization to petition HCD to review the relocation plan required to be submitted to the displacing agency. HCD is required to review the plan in accordance with the time constraints and procedures established in Article 5.
17. Government Code Section 65584.3: Requires the Department to annually report to the Legislature on the implementation of Chapter 1139, Statutes of 1992 relating to the City of Industry.

Regulatory Mandates

Government Code Section 65400: Requires HCD to prepare regulations for forms and definitions for use by local governments in preparing the housing element section of their annual general plan implementation progress reports. Workload constraints have prevented the Division from meeting this requirement.

Financial Assistance Division

The following loan and grant programs are administered by the Financial Assistance Division (formerly known as Community Affairs) unless otherwise specified.

The **Building Equity and Growth in Neighborhoods Program (BEGIN)** makes grants to cities and counties that reduce local regulatory barriers to affordable ownership housing. The grants are used to provide downpayment assistance loans to qualifying first-time low- and moderate-income buyers of homes in new single-family developments that have benefited from barrier reduction.

The **CalHome Program** enables low and very-low income households to become or remain homeowners. Grants are made to local public agencies and nonprofit developers to assist individual households with deferred-payment loans. Loans are made to local public agencies and nonprofit developers to develop multiple-unit ownership projects, including affordable single-family subdivisions.

The **CalHome Self-Help Technical Assistance Allocation (CHSHTAA)** funds local government agencies and nonprofit organizations to assist low- and moderate-income families to build their homes with their own labor.

The **State Community Development Block Grant (CDBG)** program provides federal Community Development Block Grant (CDBG) program benefits to cities with a population of less than 50,000 and counties with a population of less than 200,000 that do not receive CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD). At least 51 percent of the State CDBG funds must be used for housing or housing-related activities. The four major components of the State CDBG program are:

- **Planning and Technical Assistance Grants** - Ten percent of total State CDBG funds are set aside for local planning and evaluation studies related to any CDBG-eligible activity.
- **General, Native American and Colonias Allocations** - The General Allocation is the largest program component. One and one-quarter percent of State CDBG funds is awarded to projects serving Native Americans who do not belong to a federally recognized tribe or rancheria. Five percent is awarded to non-entitlement California communities (“colonias”) located within 150 miles of the California/Mexico border. The bulk of this allocation funds housing, community, and economic development projects serving lower-income households in small, typically rural communities.
- **Economic Development Allocation: Over-the-Counter Component** - Thirty percent of HUD’s total CDBG allocation to HCD is set aside for the creation and preservation of jobs for low and very-low income persons in rural communities.
- **Economic Development Allocation: California Community Economic Enterprise Fund Component** - Capitalizes local business revolving loan funds that loan working capital or provide infrastructure assistance to businesses that create or preserve jobs for low- and very low-income persons.

The **California Indian Assistance Program (CIAP)** provides technical assistance and consultative services to help tribal governments obtain and manage state and federal funds for housing, infrastructure, community and economic development projects, and governance enhancement.

The **Emergency Housing and Assistance Program-Capital Development (EHAPCD)** funds capital development activities for emergency shelters and transitional housing that provide shelter and supportive services for homeless individuals and families.

The **Emergency Housing and Assistance Program - Operating Facility Grants (EHAP)** provides facility operating grants to local government agencies and nonprofit corporations for emergency shelters, transitional housing projects, and supportive services for homeless individuals and families.

The **Enterprise Zone Program** is designed to stimulate business investment and job creation for disadvantaged individuals in state-designated economically distressed areas of California. Provides for a wide range of state and local incentives designed to help businesses succeed and expand. Zones are in effect for 15 years from date of designation.

The **Federal Emergency Shelter Grant (FESG)** program provides grants to local government agencies and nonprofit organizations to provide emergency shelter and transitional housing for homeless individuals and families.

The **HOME Investment Partnerships Program (HOME)** assists cities, counties and nonprofit community housing development organizations (CHDOs) to create and retain affordable housing. Eligible applicants include cities and counties that do not receive HOME funds directly from HUD, and community organizations in these localities. Eligible activities include new housing construction, rehabilitation, and acquisition and rehabilitation.

The **Office of Migrant Services (OMS)** provides safe, decent and affordable seasonal rental housing and support services to migrant farmworker families during the peak harvest season. The state grants funds for construction, expansion, rehabilitation, and operation of migrant centers, while counties and grower associations generally contribute the land.

The **Multifamily Housing Program (MHP)** assists the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households. Makes 55-year, 3 percent simple interest loans to local public entities, for-profit and nonprofit corporations, limited equity housing cooperatives, Indian reservations and rancherias, and some types of limited partnerships, to build, rehabilitate, or acquire and rehabilitate affordable rental housing, or convert nonresidential structures to housing.

The **Mobilehome Park Resident Ownership Program (MPROP)** finances the preservation of affordable mobilehome parks by conversion to ownership or control by resident organizations, nonprofit housing sponsors, or local public agencies.

The **Joe Serna, Jr. Farmworker Housing Grant Program (JSJFWHG)** finances the new construction, rehabilitation and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower-income households. Makes grants for any construction-related cost, including land acquisition, site development, construction, rehabilitation and mortgage write-downs. Eligible applicants include local government agencies, nonprofit corporations, and federally recognized Indian tribes.

The **Predevelopment Loan Program (PDLP)** provides local government agencies and nonprofit organizations with 3 percent, short-term (up to two year) loans to finance the start of low-income housing projects. Predevelopment costs include, but are not limited to, site control and acquisition, engineering studies, architectural plans, application fees, legal services, permits, bonding and site preparation.

The **Local Housing Trust Fund Matching Grant Program** helps finance local housing trust funds dedicated to the creation or preservation of affordable housing.

The **Preservation Interim Repositioning Program (PIRP)** is funding one nonprofit organization to help preserve subsidized rental housing developments that are at risk of conversion to market rents.

Statutory Mandates

Health and Safety Code Section 50152: “HCD shall be the principal state department responsible for coordinating federal-state relationships in housing and community development.” Community Affairs, to be renamed the Financial Assistance Division, implements this provision for purposes of certain federal financial programs (CDBG, HOME, FESG, Section 8). This section also provides that HCD “shall be the primary agency in the implementation of [housing] policy,” including but not limited to, “technical assistance, rental subsidies, predevelopment loans...and loans for the construction and rehabilitation of housing for persons and families of low or moderate income, and financial and other assistance to local public entities and nonprofit organizations for housing-related services.”

Health and Safety Code Section 50404: Establishes the existence of the Financial Assistance Division.

Health and Safety Code Section 50406: Lists HCD’s general powers, including the provision of technical assistance, the acceptance and obtaining of loans, grants and subsidies, agreements with other governmental agencies, buy and sell property, and more, which the Financial Assistance Division uses in its operations.

Health and Safety Code Sections 50500-50514: List and define the assistance activities of HCD, primarily implemented by the Financial Assistance Division. These include a variety of powers to obtain and award funds as loans and grants for a range of housing-related purposes.

Health and Safety Code Sections 50515-50896.3: Include chapters of enabling and operating statutes for a number of specific housing loan and grant programs.

Regulatory Mandates:

Financial Assistance Division’s loan and grant programs are governed by 16 subchapters of regulations, covering active programs, dormant ones, and programs that are no longer making loans or grants but which have existing loan portfolios under active monitoring and management. These regulations establish eligible recipients and uses of funds, specify application and award process, and lay down management processes. They are located in the California Code of Regulations Title 25, Division 1, Chapter 7, subchapters 1 through 17 (not all consecutive).

Division of Codes and Standards

The Employee Housing Program (Health and Safety Code Division 13, Part 1, Section 17000 et seq.) evolved from the 1915 Labor Camp Act. Presently the program is responsible for the adoption of regulations for the permitting, maintenance, use and occupancy of employee housing facilities for five or more employees of the housing provider (direct employer or labor contractor) or, in certain rural areas, five or more agricultural workers of any employer. The program’s regulations are preemptive statewide; enforcement is an option of local governments,

with HCD enforcing where localities choose not to. Currently, only 13 of California's 58 counties have opted to enforce in their unincorporated areas, and Orange County is in the process of returning its responsibility, leaving the balance of the State to HCD.

HCD program staff maintains and updates the standards, and provide technical assistance and training to the enforcement counties. Staff also performs annual reviews of the work performed by the counties and completes an annual report on activity.

The Factory-Built Housing Program: (Health and Safety Code Division 13, Part 6, Section 19960 et seq.) was established in 1969 to regulate factory-built housing units (that differed from mobilehomes, manufactured home, and multi-unit manufactured housing primarily in being designed for installation as permanent residential occupancies on foundations and by being constructed to the California Building Standards Code rather than federal manufactured home standards), and housing component systems such as wall, floor and roof insulated panels and plumbing "wet cores" for bathrooms and kitchens. In recent years components have been the primary activity under this law, since complete factory-built homes have been unable to compete on price with site-built tract homes or manufactured homes. The preemptive statewide standards are enforced by HCD-approved third-party agencies.

The Manufactured Housing Program: (Health and Safety Code Division 13, Part 2, Section 18000 et seq.) evolved from 1957 state legislation that established the nation's first preemptive state regulations for the health and safety of mobilehomes. The regulations are now based on preemptive federal standards that in turn were modeled on the California model. The standards regulate the design and construction of what are now called manufactured homes. "Mobilehomes" no longer exist as a new product, and units defined as "multi-unit manufactured housing" have been added to statute to provide lower-cost multi-family dwelling construction, with the State adopting the federal manufactured home construction standards. Commercial modular design and construction utilizes the model codes for construction, and variations of those codes are similarly used for special purpose commercial modulars. While recreational vehicle construction standards are no longer subject to HCD enforcement, the Program continues to provide information and assistance with regard to recreational vehicle and park model trailer construction.

The program also administers and updates state standards, provides permits and inspections for alterations and other construction, and monitors enforcement through third parties. Currently, the program manager represents one of just three states on a new U. S. Department of Housing and Urban Development (HUD) committee created in accordance with the revision of new federal laws in 2000 to advise HUD on the development of new preemptive manufactured housing construction and installation standards and procedures. The program also acts as the state agency representing HUD with respect to consumer complaints of defective manufactured home construction.

The Mobilehome Parks Act: (Health and Safety Code Division 13, Part 2.1, Section 18200 et seq.) evolved from the Auto Camp Act of 1929, and through 2003, covers both mobilehome parks and special occupancy parks designed to be used by recreational vehicles, tents, etc. The program is responsible for adoption of regulations for the construction, maintenance, use and

occupancy of these parks. Enforcement of the preemptive statewide standards is an option of local governments. Currently, approximately 40 percent of the 5,800 parks in California are subject to local enforcement, with HCD activity shown below.

The program is currently continuing a special multi-year program to routinely inspect all areas of approximately 40 percent of the mobilehome parks in the State between January 1, 2001 and January 1, 2007, selecting those with the highest number of complaints or past problems and inspecting every part of the parks. In addition, the inspectors respond to requests for inspections, including earthquake bracing systems, investigate complaints, inspect the installation of new manufactured homes, and provide construction building permits and inspection of that work.

The workload for primary activities of the HCD inspectors includes mobilehome installations, construction inspections, maintenance inspection and complaint handling and is summarized as follows:

- 5,559 Mobilehome Parks statewide
- 73% under State jurisdiction for enforcement
- 27% under jurisdiction of local government
- HCD retains oversight responsibility for the parks

The Special Occupancy Parks Act: (Health and Safety Code Division 13, Part 2.3, Section 18860 et seq.) was removed from the Mobilehome Parks Act and the transfer of authority will occur on January 1, 2004, at which time the new regulations also must be complete and in effect. This Act is similar to the Mobilehome Parks Act, but involves recreational vehicle parks and private campgrounds.

The Occupational Licensing Program: (Health and Safety Code Division 13, Part 2, Section 18000 et seq.) licenses and regulates the manufacturers, dealers, distributors, and salespersons of manufactured homes and commercial modulars. The program was transferred from the Department of Motor Vehicles in 1980, along with their registration and titling function, when the Legislature determined that manufactured homes and commercial modulars should be treated like conventional homes or structures rather than vehicles.

In addition to licensing activities, the program is responsible for consumer complaint investigations regarding sales of manufactured homes and commercial modulars. These most often involve either illegal, unfair or fraudulent sales practices, refusals by dealers and manufacturers to comply with warranty requirements applicable to manufactured homes or sales by unlicensed persons.

The Program is responsible for processing complaints under the Manufactured Home Recovery Fund, which provides compensation of up to \$75,000 to manufactured home buyers and sellers when they have suffered losses as a result of specified conduct—such as fraud—and they cannot collect on a judgment or the guilty party has declared bankruptcy.

The Registration and Titling Program (R&T) (Health and Safety Code Division 13, Part 2, Section 18000 et seq.) was transferred from the Department of Motor Vehicles in 1981, in conjunction with legislative intent that manufactured housing and commercial coaches be treated as transportable residential structures rather than vehicles. The program is responsible for the titling and registration of manufactured homes, mobilehomes and commercial modulars that have not been installed on foundation systems as improvements to real property (these units are titled as part of the real estate on which they are installed, and become subject to local property taxation), of truck campers and floating homes.

The program collects fees through annual license fee renewal and use tax on the resale of units not subject to local property taxation, and for the Mobilehome Park Purchase Fund (associated with the Mobilehome Park Resident Ownership Program in the Financial Assistance Division – see below) and the Division’s Manufactured Home Recovery Fund . Five years ago, R&T had a backlog of over 170,000 title transfer applications (an 18- to 24-month delay in processing consumer and lender requests). The program has eliminated the backlog and now has a rolling inventory of about 3,000 applications per week with a 15-day turn around time (and annual activity of about 160,000 transactions per year).

Within the last couple of years, the program has added electronic registration renewals and payments and electronic title searches in order to improve service and reduce staff costs. In order to maintain the effectiveness of these services, and develop new electronic services, the computer capacity of the program must be consistent with state-of-the-art options.

The State Housing Law (SHL) Program: (Health and Safety Code Division 13, Part 1.5, Section 17910 et seq) evolved from the 1909 Tenement House Act. Its primary purpose is to ensure the health and safety and accessibility of Californians in their residences by setting technical standards for the design, construction, maintenance, and use of conventional homes, apartment buildings, motels and hotels.

New Construction

Historically, the residential building standards have consisted primarily of the contents of five nationally established model codes (dealing with structural standards, use and maintenance, electrical systems, plumbing systems, and heating and air conditioning systems), which were published in updated new editions every three years by private organizations of code officials and technical specialists. These were then published, with State amendments proposed by HCD, as the “California Building Standards Code”. Some of the Division’s other code programs also use the California Building Standards Code.

SHL regulation amendments, including new editions of model codes, are proposed by HCD as provided by the law and submitted to the California Building Standards Commission (CBSC) for approval. The CBSC reviews building standards in various building codes proposed by 13 state agencies to assure they do not conflict with, duplicate or overlap one another or violate six other statutory criteria. When adopted by the CBSC, HCD building standards are published as the California Building Code in the California Code of Regulations, Title 24.

Existing Housing

HCD also directly adopts regulations related to housing use, maintenance, occupancy, repair standards and code enforcement procedures in Title 25.

Enforcement

SHL construction and maintenance standards are required to be enforced by city and county building officials. HCD's responsibility is to maintain and update the standards, provide technical assistance to local building officials, monitor local enforcement, and enforce the SHL in jurisdictions that fail to do so adequately. Division staff provides technical assistance in the interpretation of the building codes, the authority of local governments to adopt modifications, and, to a great extent, assistance in interpreting and applying the disabled access requirements.

The Mobilehome Ombudsman: (Health & Safety Code Division 13, Part 2, section 18150, et seq.) is a constituent complaint and inquiry service operated by the Division to provide assistance with complaints regarding manufactured housing sales and standards, mobilehome park operating standards, and the special landlord-tenant laws governing mobilehome parks. The staff, using telephone, email, or regular mail, answer questions, make referrals to other state or local agencies, or refer complaints about mobilehome sales or mobilehome park physical operating defects to appropriate Division staff. On a monthly basis, between 1,000 and 2,000 requests are received.

